

Message Text

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15

ACTION AF-18

INFO OCT-01 ADP-00 AGR-20 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08

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FM AMEMBASSY RABAT

TO SECSTATE WASHDC 9764

INFO AMCONSUL CASABLANCA

AMCONSUL TANGIER

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E.O. 11652: N/A

TAGS: ECON MO

SUBJECT: GENERAL SUMMARY OF 1973-77 PLAN ISSUED

BEGIN SUMMARY: SUMMARY NEW MOROCCAN DEVELOPMENT PLAN
CONFIRMS ITS HIGH GROWTH AND INVESTMENT GOALS. CHIEF
EMPHASIS WILL BE ON EXPORT INDUSTRIES AND TOURISM. NEED
FOR INCOME REDISTRIBUTION ALSO STRESSED. FUNDING THESE
AMBITIOUS PLANS WILL BE ENORMOUS TASK. END SUMMARY

1. EMBASSY HAS JUST OBTAINED THIRTY-THREE PAGE SUMMARY
OF MOROCCO'S 1973-77 DEVELOPMENT PLAN. PAMPHLET, COPIES
OF WHICH HAVE BEEN POUCHED TO SLETE (AF/N) AND AID, IS
INTERIM PUBLICATION WHICH PROVIDES SCANT INFORMATION
ABOUT DETAILS OF FINANCING AND EXECUTION; THOROUGH EMBASSY/
USAID ANALYSIS WILL
HAVE TO AWAIT APPEARANCE VOLUME I
OF PLAN, PROBABLY IN EARLY SEPTEMBER. (VOLUME II WITH
SECTOR ANALYSIS WILL PROBABLY NOT BE OUT UNTIL OCTOBER.)
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SUMMARY DOES HAVE FOLLOWING POINTS OF INTEREST WHICH

BEAR REPORTING AT THIS TIME:

2. SUMMARY SAYS THAT "ADMITTEDLY AMBITIOUS" PLAN WILL CONCENTRATE ON HIGHER GROWTH (7.5 PERCENT ANNUALLY) AND MORE EQUITABLE DISTRIBUTION OF FRUITS THIS EXPANSION. GROWTH IS TO BE FUELED BY HEAVY INVESTMENT IN INDUSTRY AND TOURISM; OF TOTAL DH 26.3 BILLION INVESTMENT PLANNED, DH 9.8 BILLION OR OVER THIRD WILL BE DEVOTED TO THESE SECTORS. BIG PUSH WILL BE IN EXPORT INDUSTRIES, WHICH WILL BE PARTICULARLY FAVORED BY NEW INVESTMENT CODE, AND WHICH WILL SPUR PLANNED EXPORT EXPANSION OF TEN PERCENT ANNUALLY (IMPORTS TO INCREASE BY EIGHT PERCENT). PROJECTED ANNUAL INVESTMENT RATE IS 18 PERCENT OR TWICE THAT REALIZED IN LAST PLAN. CRITICIZING STRICT MONETARY ORTHODOXY OF PAST, NEW PLAN PROMISES EXPANSIONARY FISCAL POLICIES (I.E., MONEY SUPPLY GROWTH OF 17 PERCENT ANNUALLY) BUT NO MORE THAN FIVE PERCENT INFLATION.

3. REDISTRIBUTION OF INCOME AND SOCIAL BETTERMENT TO BE UNDERTAKEN BY VARIETY OF MEANS. EXAMPLES OF PARTICULAR INTEREST ARE (A) AT LEAST 395,000 HECTARES OF LAND TO BE DISTRIBUTED DURING FIVE-YEAR PERIOD PRINCIPALLY TO EXISTENT SMALL LANDOWNERS (ONE TO TWO HECTARES) TO CREATE MORE VIABLE FARMS; (B) INCREASES IN LOWEST WAGES; (C) THREE-FOLD INCREASE IN LOW-COST HOUSING DURING PERIOD; (D) GREATER PROGRESSIVITY OF TAX SYSTEM. GOM INVESTMENT IN PUBLIC HEALTH WILL ALSO INCREASE MARKEDLY (THREE TIMES THAT OF OLD PLAN) ALTHOUGH AMOUNT PROGRAMMED FOR FAMILY PLANNING (DH 6 MILLION) REMAINS SAME.

4. SUMMARY NOTES MOROCCO HAS MOST OF INFRASTRUCTURE IT NEEDS FOR THE PRESENT, AND THAT THERE WILL BE NO NEW INVESTMENTS UNLESS ABSOLUTELY NECESSARY. ONLY TWO NEW DAMS ARE PLANNED; EMPHASIS WILL BE ON DEVELOPING IRRIGATION NETS FROM DAMS ALREADY BUILT. GOM WILL HOWEVER CONSTRUCT RABAT-CASA EXPRESSWAY, NOUASSEUR AIR TERMINAL, AND NEW PORT AT NADOR, LATTER TO END DEPENDENCY OR NORTHEAST ON SPANISH MELILLA.

5. COMMENT: PLAN'S PRIORITIES ARE GENERALLY LAUDATORY, LIMITED OFFICIAL USE

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BUT ITS HIGH INVESTMENT GOAL WILL BE HARD TO MEET. WITH GOVERNMENT INVESTMENT SCHEDULED TO MORE THAN DOUBLE TO DH 11.2 BILLION, GOM WILL HAVE TO EXPAND SUBSTANTIALLY BOTH LEVEL FOREIGN AID AND ITS OWN ABSORPTIVE CAPACITY. MOREOVER, GOM RELYING EVEN MORE ON GREATLY EXPANDED PRIVATE AND SEMI-PUBLIC INVESTMENT, I.E., DH 15 BILLION OR ALMOST THREE TIMES THAT REALIZED OVER LAST PLAN. THIS CAN ONLY BE ACCOMPLISHED BY BOTH CHANNELING

MORE PRIVATE DOMESTIC SAVINGS INTO PRODUCTIVE USES AND
RESTORING FOREIGN INVESTMENT CLIMATE SOURED BY POLITICAL
TROUBLES AND MOROCCANIZATION. GOVERNMENT'S PLATE
FOR NEXT FOUR AND A HALF YEARS WILL BE VERY FULL.
PARKER

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